

South Carolina
DEPARTMENT OF HEALTH AND HUMAN SERVICES
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MEDICAID BULLETIN

TO: Providers Indicated

SUBJECT: Information on NCCI Edits

The South Carolina Department of Health and Human Services (SCDHHS) is issuing this bulletin regarding implementation of NCCI edits for information purposes. More specific bulletins will follow as SCDHHS formalizes its implementation plan to incorporate NCCI edits into the Medicaid claims processing system.

As stated on the Centers for Medicare and Medicaid Services website, a new mandate in the Patient Protections and Affordable Care Act (H.R. 3590), Section 6507 – Mandatory State Use of National Correct Coding Initiative (NCCI) – requires State Medicaid programs to incorporate “NCCI methodologies” in their claims processing systems by October 1, 2010. The CMS originally developed the National Correct Coding Initiative (NCCI) to promote national correct coding methodologies and to control improper coding leading to inappropriate payments in Medicare Part B claims. The purpose of the NCCI edits is to prevent improper payments when incorrect code combinations are reported.

NCCI edits consist of two types of edits:

- 1) NCCI procedure-to-procedure edits that define pairs of Healthcare Common Procedure Coding System (HCPCS) / Current Procedural Terminology (CPT) codes that should not be reported together for a variety of reasons; and
- 2) Medically Unlikely Edits (MUE), units-of-service edits, that define for each HCPCS / CPT code the number of units of service beyond which the reported number of units of service is unlikely to be correct (e.g., claims for excision of more than one gallbladder or more than one pancreas).

Section 6507 of the Affordable Care Act (ACA) requires that, by September 1, 2010, CMS must notify States of the methodologies of the NCCI which are “compatible” with claims filed with Medicaid that would promote correct coding and control improper coding leading to inappropriate payments of claims under Medicaid. States must incorporate these methodologies into Medicaid claims filed on or after October 1, 2010. By March 1, 2011, CMS must submit a report to Congress with an analysis supporting these methodologies.

Currently, the agency uses NCCI edits to evaluate billing of CPT codes and Healthcare Common Procedure Coding System (HCPCS) codes by Medicaid providers only in post-payment review of providers’ records. To come into compliance with the new requirements for

the application of NCCI on a pre-payment basis, SCDHHS has issued a Request for Proposals to acquire the expertise to appropriately implement and manage NCCI edits and their impact on provider reimbursement. We anticipate this contract being awarded and implemented within the next six to nine months. In the interim, SCDHHS will be initiating incremental systems changes to work toward compliance with the ACA.

As stated earlier, this bulletin will be followed by other, more specific bulletins regarding SCDHHS' implementation of the NCCI edits on a pre-payment basis. We do recommend that, over the next several months, you familiarize yourself with the NCCI edits and how they may apply to your practice.

To learn more about NCCI Edits and the requirements for the Medicaid program, please visit www.cms.gov/MedicaidNCCICoding/.

/S/
Emma Forkner
Director

EF/mgm

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